

See 86 Ill. Adm. Code 130.1935. (This is a GIL.)

January 14, 2004

Dear Xxxxx:

This letter is in response to your letter dated October 16, 2003, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.ILTAX.com to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

ABC a software developer based in CITY/STATE, would like to seek a written sales tax ruling regarding the taxability of Software Licenses, Software License Updates and Technical Support sold in CITY, Illinois. ABC sells Software Licenses, Software License Updates and Technical Support as separately stated line items on our invoices. Please see the following definitions to assist with your ruling.

- Software Licenses – Canned commercial 'off-the-shelf' computer software.
- Software Updates – Releases of ABC's software and patches, including the shipment of physical CD media.
- Technical Support – A professional service that provides customers with access to ABC's Technical Support Center via email, telephone and facsimile.

ABC currently uses PRODUCT to determine the taxability of ABC sales. PRODUCT indicates the following:

- Software Licenses are taxable when delivered to a CITY, Illinois address.

- Software Licenses delivered to all other Illinois addresses are Tax Exempt based on 86 Ill. Adm. Code 130.1935.
- License Updates and Technical Support are tax exempt in the State of Illinois.

Please send a written ruling to my attention at the address above, informing ABC of the specific tax rules in CITY, Illinois with respect to Software Licenses, and if ABC should collect sales/use tax for Software Licenses sold to a CITY, Illinois address.

Should you have any questions or need additional information regarding this matter, please contact me at the number below.

You inquired regarding taxation of computer software. Please see 86 Ill. Adm. Code 130.1935.

I hope this information is helpful. If you require additional information, please visit our website at www.ILTAX.com or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Melanie A. Jarvis
Associate Counsel

MAJ:msk